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CREDIT UNIONS™



FCUL

Florida Credit Union News

A publication of the Florida Credit Union League 

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August 2003 • Vol. 12- No. 7

Special sessions & legislative conferences create opportunity for credit unions

Since the Florida Legislature adjourned its regular session on May 2nd, a series of special sessions has been held in Tallahassee. Many issues that failed to be worked out during the regular session, including the state budget and medical malpractice insurance, have kept lawmakers in Tallahassee for most of the summer.

None of these issues have an immediate impact on credit unions, but that hasn't stopped FCUL's team of legislative lobbyists from interacting at the State Capitol. No, they are not taking sides in the never-ending battle between physicians, lawyers and insurance companies, and they are not offering budget solutions. Instead, the FCUL team is taking advantage of the access they have to state lawmakers while they are in the Capital.

"I'm meeting with as many legislators as I can," said Mark Landreth, Director of Legislative Development. "I am taking every chance I get to talk credit union issues and explain the credit union difference. And since they know I'm not there to beat on them about medical malpractice, I'm getting ample time to talk to them."

Landreth said there are still legislators who are lacking in knowledge when it comes to credit unions. "We are making sure they know who we are and what we stand for."

Meantime, across the country in San Francisco, the National Conference of State Legislatures (NCSL) met in their annual meeting. As part of that gathering, a debate was held between the chief economists

from the Credit Union National Association (CUNA) and the American Bankers Association (ABA). That debate preceded a meeting of the Financial Services Standing Committee of NCSL on credit union dual-chartering. During the meeting, a Utah state legislator, and Zion Bank employee, offered an amendment to NCSL's standing policy directing the legislative association to ask Congress to permit states to impose state sales taxes on federal credit unions.

Grace Potter Freni, FCUL's Political Action Director, participated in the efforts to thwart such an amendment while out in San Francisco. The amendment was eventually defeated by a vote of 15-4, with Florida's delegation of legislators joining in defeating the proposal. Many thanks are owed to Rep. Don Brown (R-Defuniak Springs) and Rep. Donna Clarke (R-Sarasota), for standing with credit unions on the vote during the meeting.

This summer's beehive of activity by the Florida Credit Union League's Government Affairs staff seems to have been productive and will have a long range, positive impact on Florida's credit unions.

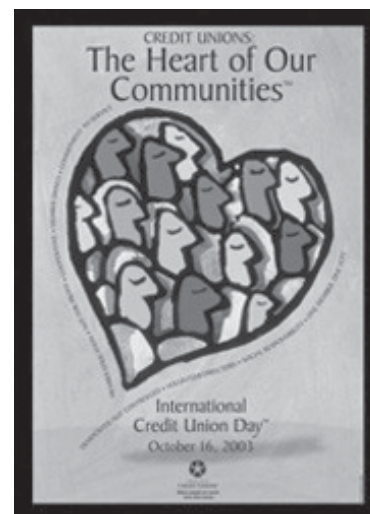
2003 ICU Day/ Week nearing

Although it's still a few months away, work is in progress on the theme, art and product line for this year's International Credit Union Day celebration.

The official theme for 2003 is "Credit Unions: The Heart of Our Communities." Credit union leaders, members and volunteers from all over the world selected the theme via an online poll on the World Council of Credit Union's website.

CUNA will be mailing one free lobby poster and an ICU Day information packet to every credit union.

There will also be an area of CUNA's website that will include ICU Day celebration ideas, newsletter articles, ad copy and product information. Here's a link to the main page: http://buy.cuna.org/static/icuday03_index.html. The ICU Day main page may also be reached by visiting www.cuna.org and entering "ICUDay" in the search box.



International Credit Union Day poster for 2003

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Sign of the times

This year's legislative session underscores the difficulties that credit unions may be facing in the near future. It is apparent as we watched this year's session unfold that chaos can be created by legislators who cannot or will not come to a consensus on very difficult policy questions. Political rhetoric replaces common sense and that spells trouble for everyone who is involved with the process. The difficulties now being played out in California are an example of just how chaotic the process can become.

Although the issue of credit union tax exemptions pales next to the medical malpractice problem, it is even more incumbent on credit unions to become involved in the process. It is extremely important to participate in activities that will present credit unions with the opportunity to get better acquainted with their legislators. There is no question that the Florida Legislature will face even more serious budget questions next year than they did this year. Every known analyst or expert correctly predicts that the state's financial condition will be such that legislators may have to be very creative next year to craft a state budget. And, that means credit unions will face a serious challenge from those that will try to convince legislators that credit unions can be a source of new revenue for a cash-starved state.

This year's legislative maneuverings will undoubtedly lead to some bruised feelings and it may foster an environment that will make it difficult to reach consensus on anything that comes before the Florida Legislature in 2004. Privately, many state senators are upset over what they see as a

lack of willingness on the part of Governor Bush and Speaker Johnny Byrd to compromise and achieve consensus. These same state senators now vow that never again are they going to surrender their points of view simply to satisfy the governor and Speaker.

As we walk this minefield of emotions it will be important to stay focused on the entire legislative body. Many chapters in the coming months will, with the help of our Governmental Affairs Department, be setting up legislative "Meet & Greets" in order to allow credit unions a

chance to meet and chat with their legislators. It is our feeling that these opportunities to spread good will between credit union folks and legislators must be taken advantage of. Especially with the threat of a tax debate staring us right in the face. If a legislator doesn't know credit unions or hasn't had a good experience with credit unions, it would be easy to ignore us in the coming debate.

Fortunately, a large number of legislators, in both houses, now call us their friends. They look to us during their electoral campaigns. The next year is also an election year. It is even more important for you and your credit union to be a part of our election efforts. Attend the "Meet & Greets." Join with FCUL in attending any fund raising events involving legislators. And, don't forget to give to CUPAC. CUPAC is a big player in the electoral process thanks to you. It is so important that you remain involved.

With your help we can again, come out on top.



*Guy M. Hood
President/CEO*



The Sunshine Chapter of the ICCUE would like to announce scholarships for CCUE courses are available. For an application, contact Bill Berg, CCUE, CUCE, 800.342.1266, ext. 1028; or download an application from www.fcul.org by clicking on League Services and Education & Training, then click on the Certified Credit Union Executive Program link.

Protecting yourself on the Internet – Is your personal information secure?

More people are logging on to the Internet each year for reasons as diverse as finding a job, chatting with friends, purchasing merchandise and online financial transactions. Why is the Internet increasingly popular with virtually every segment of the population? Most point to the Internet's convenience and easy access to thousands of websites.



But users also have concerns about Internet safety and information security. Many worry that some site sponsors may not be doing all they can to protect sensitive, personal information passed back and forth during online transactions.

"We understand the security concerns of account holders who come to our website to order checks and other services," says

Kyna Reed, marketing director, InternetChannel, for Clarke American. "So data security is at the top of our priorities and is built into our website and every other account holder-access channel we provide.

For companies, such as Clarke American, the investment in data security is critical, but consumers can take their own precautions:

- Know who you're doing business with before you provide personal or financial information on a website.
- Look for a privacy policy statement on websites where you conduct business.
- Check out any software programs *before* you download them from the Internet. Downloads contain executable code or viruses that can destroy or disclose your data to hackers.
- Open e-mail attachments only if you know what they are and who sent them. Attachments may include code or viruses

that compromise or wipe out data.

- Choose passwords carefully and treat them like military secrets.
- Change passwords every 30 to 60 days.
- Discuss Internet safety and security with your children. Set guidelines and monitor Internet use.
- Back up your system regularly.

Clarke American is a leading provider of checks and check-related products, contact center services and direct response marketing solutions for the financial services industry. For more information, visit www.clarkeamerican.com.

Catch me if you can: fraud & scams

By Sandra Tilghman, Travelers Express/MoneyGram

Everyone recalls the recent movie portraying Leonardo DiCaprio as a con artist with the gift of always pulling off money schemes, making him rich and influential in his final act of counterfeiting checks. It reminds us that we are facing new challenges in identifying and controlling this fast moving threat in the financial industry.

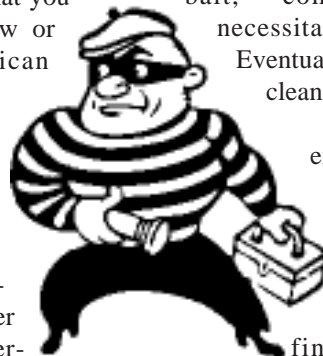
Internet Scam. Everyday we read about it and are warned about it, often thinking that it could never happen to my credit union—but it can, and it will. Take for example, an Internet scam recently costing a credit union member \$74,500.

A credit union member advertised, on the Internet, a car he had for sale for \$17,500. The soon-to-be owner agreed to send what appeared to be a \$92,000 cashier's check to the man's credit union. The con artist then told the seller that his secretary had sent the wrong check and asked him to send the extra \$74,500 back. After the cashier's

check cleared, the seller agreed to wire back to the buyer's bank account the \$74,500. Nine days later it was learned that the cashier's check was a counterfeit check.

Nigerian Scam. If you have an email address, chances are good that you have heard from the widow or nephew of a fallen African potentate seeking your help in exchange for millions of dollars. People who fall for the scam can find their accounts wiped clean. The pitch promises the recipient 30 percent or more of a multi-million dollar sum. The writer offers to transfer an "over-invoiced contract" or other money to the recipient's personal bank account. In return, the recipient is asked to provide his or her bank account number and other personal information. Official-looking documents

vouch for the proposal's authenticity. Eventually the recipient is asked to provide advance fees for taxes, attorney's fees, transfer taxes, performance bonds and sometimes bribes. If the recipient takes the bait, "complications" will arise necessitating additional payments. Eventually, the recipient's account is cleaned out.



In 2002 check fraud exceeded \$679 million, and is increasing every year. Outsourcing your credit union's official check program can provide significant fraud protection, financial and operational benefits.

Credit unions also find there are other key advantages with outsourcing the official check/cashier check program, such as:

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Credit Union Political Action

The ultimate constituent contact—



Aletta Shutes,
Executive VP,
FCUL

Your Governmental Affairs team is organizing a Hike the Hill in Washington D.C. on September 10. This is a very important event in which I would like all credit union CEOs, managers and Board Chairs to consider participating. Visits to Washington, D.C. are crucial in keeping Florida credit unions visible before Congress. This event also keeps our commitment to meet our national lawmakers more frequently than just during the CUNA GAC each February.

These meetings give credit union managers and volunteers the opportunity to tell their congressional representatives how we are different from other financial institutions and enumerate the valuable services we provide our members. It is important we let our Florida delegation know how the actions of Congress affect credit unions' ability to serve our members.

The agenda is very straightforward. Attendees will receive a legislative briefing by CUNA staff at a group dinner on

September 9. We have a special guest speaker for the evening as well—details will follow once finalized. September 10, you will make your way to Capitol Hill to meet with congressional members or staff. Once the meetings are completed, you are free to return to Florida. The entire event should keep you away from home just one night.

A block of rooms has been reserved at the Hay Adams Hotel, one block from the White House and across the street from St. John's Episcopal Church, attended by nearly every president since James Madison. Reservations can be made by calling 202.638.6600. Be sure to indicate you are with the Florida Credit Union League. The rate is \$275 per night and is available through August 19, 2003.

For congressional scheduling purposes, we need to know if you plan to attend the 2003 Hike-the-Hill. Please call Becky Sammons in the League Governmental Affairs Department at 800.342.1266 ext. 1008. Last year we had more than 50 Hikers and I am counting on you for an even greater turnout in 2003!

FCUL involvement at NCSL

As part of the National Conference of State Legislatures (see article page 1), CUNA sponsored a booth in the exhibit hall. CUNA's activities were spearheaded by Colleen Kelly, VP of State Government Affairs and Phil Drager, Manager of Governmental Affairs. Grace Potter Freni, FCUL Director of Political Action, worked in the booth and networked with the Florida legislators in attendance. The League was also one of several sponsors for "Florida Night," a dinner for the Florida legislators and sponsors attending NCSL. The event brought in more than 100 attendees.



Rep. Nancy Detert (R-Venice), Chair of the House Commerce Committee, Grace Potter Freni, FCUL, and her aide Pam Nickell (left)

Washington legislation

A number of issues of interest to credit unions remain in play at the national level. **Bankruptcy Abuse Prevention and Consumer Protection Act of 2003 (H.R. 975)** has passed the House of Representatives and is in the Senate awaiting reference to a committee. However, Senate leaders are working to bring the legislation directly to the floor, bypassing the committee structure where it would have a greater likelihood of being amended.

CUNA's top three priorities in any bill dealing with bankruptcy are: 1) Protecting the ability of credit union members to voluntarily reaffirm their debts with their credit unions; 2) Inclusion of a meaningful "means test;" and 3) Inclusion of

mandatory financial education provisions. The provisions of H.R. 975 are nearly identical to last year's conference report, with minor technical changes and it does not contain the controversial provision referred to as the "clinic violence amendment."

Regulatory Relief legislation (H.R. 1375) cleared the House Financial Services Committee in May and in July cleared the Judiciary Committee; the bill is expected to go to the House floor for a vote in September.

The Fair Credit Reporting Act (FCRA) was enacted in 1970 to protect consumers by codifying the manner in which credit information is gathered and disseminated. The federal preemption, which permits uniform national standards

for managing credit information by member

FCRA is up for reauthorization during the 108th Congress, FCRA is expected to serve as the main vehicle to carry the privacy debate.

Check Truncation legislation (H.R. 1474), The House of Representatives passed H.R. 1474 (The Check Clearing for the 21st Century Act) in June by a vote of 405 – 0. The Senate passed H.R. 1474, after striking the House language and substituting the language of S. 1334 (the Check Truncation Act), by Unanimous Consent on June 27th. The bill is expected to go to conference. CUNA testified at the House Financial Services Subcommittee on Financial Institutions' hearing in support of H.R. 1474 and before the Senate Banking Committee.

FCUL-well represented at major political fundraisers



Senate President Jim King and FCUL Executive Vice President Aletta Shutes smile for the camera at the Republican luncheon.



House Minority Leader, Rep. Doug Wiles (D-St. Augustine) and Aletta share a moment during the Democratic party's annual Jefferson-Jackson Day dinner.



Greg Blount, new FCUL Chairman of the Board, gets a taste of the League's nonpartisan politics.

Want to know how to raise \$20,000 for CUPAC in 30 days?

Just ask the folks at **GTE Federal Credit Union**. Members and employees embarked on a 30-day campaign to reach their goal of \$15,000 for CUPAC. Reach it they did—and then some.

How did they do it? First they asked eight employee volunteers to make up the educational and fundraising team. The team then went to work and put together a 30-day campaign. The team's purpose was, not only to raise their goal amount but, also to educate the credit union's employees about CUPAC.

To educate the employees, the team devised weekly trivia questions relating to CUPAC. The questions were emailed out and winners were chosen from all the correct responses. The winners received an extra hour off work with pay.

To raise the funds, the team organized a variety of events. According to Traci Germain, Senior Vice President of Marketing for GTE, they had several credit union-wide fundraisers, like selling the CUPAC chocolate bars in the branches to members, raising \$5,000. They also contacted business partners and family

and friends for gifts to raffle off such as gift certificates, hotel stays, etc. Those gifts were then raffled off to the employees. They also had a jeans day and a team spirit day. On designated days, employees could donate \$5 to wear jeans to work or the sports team shirt of their choice.

The team challenged each department and branch to hold their own fundraising events. These events ranged from reserved parking space raffles for employees, bake sales (one branch raised \$2,000 in a day), gift basket raffles, condo stay raffles, CUPAC flag raffles (the paper flags on which the donor writes his/her name and the branch displays it) and donut sales.

Member Deduct-a-Buck enrollments and employee contributions were also key to meeting, and exceeding, their goal. Each branch

and department who raised funds received an engraved plaque. All employees who made a contribution to the campaign received a certificate.

"CUPAC is a very important cause and I was very impressed and pleased with the



GTE's educational and fundraising team: Front (L to R): Ann Donaghy, Carol "CK" Keaton, Cathy Long, Joy Ploeckelmann Back (L to R): John Clarkson, Rich Helber, Traci Germain, Jane Pierce

ECCU goes all out for CUPAC

Only half into the year, **Educational Community Credit Union** has raised more than \$6,000! ECCU's volunteers and staff have made contributing to CUPAC a priority with a participation rate of 100%. In addition, staff continue to be creative, even issuing challenges to other areas, to increase ECCU's contribution levels. Not only have there been sales of all kinds ranging from baked goods to patriotic teddy bears, the executives got down and dirty washing cars for two days.

President and CEO John Hirabayashi says, "We're committed to supporting CUPAC because it is essential to the survival of the credit union movement. Our staff and volunteers have done an outstanding job finding ways to raise funds and have fun at the same time."

ECCU attributes its fundraising capabilities to its volunteers, staff, and most of all its members, who contribute to make ECCU one of the most trusted, respected and service-oriented financial institutions serving the Jacksonville market.



ECCU employees getting "down and dirty" washing cars to raise money for CUPAC.

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\$20,000 for CUPAC

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campaign the team put together. Due to their efforts we raised \$22,000 (about \$0.15 per member), exceeding our goal by 50 percent. The Board and management team are very proud of this accomplishment,” said Rich Helber, GTE FCU EVP/CFO and FCUL Board member.

With much planning, hard work and a grand team effort, all to meet their common goal, more than \$20,000 was raised in just 30 days. And, to top it all off, GTE FCU is an honor roll credit union. Every board member is contributing to CUPAC and the President and Chairman of the Board are contributing a minimum of \$100.

Tampa Chapter golf tournament raises \$13,500

The Tampa Chapter raised \$13,000 through its 10th Annual Golf Classic at the Eagles Golf Club recently. \$10,000 will be contributed to the Florida Credit Union Political Action Committee; \$2,500 will go to Metropolitan Ministries, caregivers serving the homeless; and \$1,000 will go to S.E.R.V.E., an education organization with the mission to promote and support the continuous improvement of educational opportunities.

A total of 127 golfers from credit unions and credit union business partners played in the event.



Carolyn Parslow (right) of Suncoast Schools FCU, and FCUL Board member, presents Aletta Shutes, FCUL Executive VP, a check for CUPAC.

UBIT - What is it and why should you care?

“UBIT” means “unrelated business income tax.” It is a federal tax imposed on certain income-producing activities conducted by tax-exempt organizations. If that seems contradictory, it’s because the federal tax exemption under Internal Revenue Code (IRC) Section 501(c) doesn’t apply to all income. It only exempts income “substantially related . . . to the exercise or performance by such organization of its . . . purpose or function constituting the basis for its exemption under section 501 . . .” [26 USC 513(a)]. Income is “substantially related” if it contributes importantly to the accomplishment of the organization’s exempt purpose.

Applicable only to state-chartered credit unions? As of today, state-chartered CUs are the only credit unions exposed to UBIT. Federal credit unions are exempt from all income taxation

under IRC 501(c)(1) and 12 USC 1768. But since all CUs, regardless of charter source, perform similar financial functions, you would think all CUs would be treated the same by the Internal Revenue Service. Your assumption would be wrong.

Federal credit unions should not assume this problem is only the concern of state-chartered CUs. UBIT, as currently applied by the IRS to state charters, is a major assault on all credit unions’ fundamental tax-exempt status. If state charters lose this battle, there will likely be mass conversions to federal charter. Once that happens, the unequal treatment of state vs. federal CUs will point to an easy legislative solution: apply UBIT to federal charters as well.

The risk to state charters may actually be two-fold because many state income tax codes follow the federal statute and IRS regulations. This could result in a state version of UBIT if federal UBIT is due.

IRS reverses course on credit insurance. For years, the IRS regarded credit insurance as an appropriate ancillary to a CU’s fundamental purpose of extending

credit to its members. Credit insurance provided additional assurance a member’s loan would be repaid in the event of a personal catastrophe such as death, disability or even involuntary unemployment.

In 1995, the IRS reversed course and declared commissions received by a state-chartered CU in New Jersey on credit insurance covering loans to members were not substantially related to a credit union’s exempt purposes (see Technical advisory Memorandum [TAM] 95480010). Therefore, UBIT applied. Please note: TAMs are not legally-binding policy rulings by the IRS. They, however, do provide

Federal credit unions should not assume [UBIT] is only the concern of state-chartered credit unions.

guidance to IRS agents concerning national office interpretation of a particular application of the law or regulation. They show IRS thinking on a subject at the time. TAM 9548001, with no contravening opinion by

the national office in another case, seems to be a major influence for other IRS auditors—for example, those in Connecticut and Alabama—looking at the same source of income for credit unions. This TAM is technically applicable only to the NJ situation for which it was issued, but it does influence other IRS auditors.

Following that dubious decision, another CU filed a formal ruling request, in July 1997, asking the IRS declare credit insurance for member-borrowers is not subject to UBIT. The request was accompanied by a thorough legal memorandum prepared with the help of CUNA Mutual’s legal staff. Recognizing the major importance of the issue, the IRS national office accepted comments from CUNA and NASCUS, both of which submitted letters urging recognition of credit insurance as part of the business of credit unions. The ruling request remains pending.

Their failure to resolve the 1997 ruling request underscores a lack of guidance provided by the IRS. This lack of guidance,

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together with the conflicting positions the IRS has taken on credit insurance, raises fundamental issues of fairness concerning the IRS's recent efforts to collect UBIT and also make providing counsel on what is or is not related income especially difficult.

The calm before the storm. For a few years after TAM 9548001, there seemed to be little visible effort by the IRS to apply its conclusions to other credit unions, although about the same time some credit unions in Texas were audited. These credit unions settled individually on terms they found acceptable, and the issue seemed to go away for all other Texas credit unions.

New clouds began to gather in 2001 when several Alabama credit unions were audited by the IRS. In 2002, all state-chartered CUs in Connecticut (about 50) received notices of audit and, earlier this year, seven Colorado CUs came under the IRS microscope. These audits are examining a wide range of income sources, including credit life and disability insurance, sale of checks, and interchange fees. Ultimately, they can be expected to review all income items. Recently, an IRS auditor dropped hints that CUs out west will be next. All in all, UBIT audits are beginning to multiply and are something every CU needs to be concerned about.

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The credit union movement responds. TAM 9548001 introduced a new IRS approach to credit union UBIT. The credit union movement's response was the 1997 ruling request for a formal policy declaration overruling the erroneous conclusions in TAM 9548001. Unfortunately, the IRS has not responded to this request and has informally advised CUNA Mutual and CUNA staff it is internally deadlocked over the issue. Meanwhile, TAM 9548001 continues as the most recent expression of IRS opinion on the topic.

With the increase in IRS audit activity, a working group of CUNA Mutual, CUNA, NASCUS, affected leagues and credit unions has implemented a responsive strategy for state-chartered credit unions. The three legs to this strategic approach are:

- Litigation
- Administrative/Policy
- Legislative

The *litigation component* involves selecting an appropriate jurisdiction—likely the one under the most intense pressure from the IRS—and filing suit either in U.S. District Court or the United States Court of Federal Claims. A suit in U.S. Tax Court is also a possibility.

The *administrative/policy avenue* includes encouraging the IRS to respond to the 1997 ruling request. One potential path would be to go to the IRS' parent, the Treasury Department, to request issuance of policy guidance that ordinary and customary financial institution activities engaged in by credit unions are substantially related to the purposes of credit unions and, therefore, not subject to UBIT. Such "ordinary and customary" financial activities include but are not limited to credit insurance, sale of checks, ATM fees,

interchange fees, and collateral protection and GAP insurance.

At the moment, the third option of seeking *legislative relief* is the least attractive choice. As the Credit Union Campaign for Consumer Choice (H.R. 1151) demonstrated, a campaign to influence Congress is resource-intensive. Further,

it raises the issue of CU taxation in a way that would have a tendency to pit state-chartered CUs against federal CUs and might lead to a decision to impose UBIT on the federal side as a way of maintaining parity within the system. Finally, in an era of rising budget deficits and strident bank attacks, it may be risky to put the issue of CU taxation on the legislative agenda. However, if circumstances suggest this is the best option to solve this threat to the dual chartering system, there are extremely sound and persuasive arguments to support the credit union position. For example, it would make no sense for Congress to grant credit unions tax-exempt status to function as not-for-profit financial institutions, and then declare many of the ordinary and common financial institution activities that credit unions must engage in to serve their

members are taxable as unrelated business income.

Stay calm, stay informed, stay together. If your credit union receives an audit notice from the IRS, don't panic. The process takes time (next month's newsletter will address the time frame it takes to complete an audit and appeal). Even after the audit is completed, if you take advantage of all of the inquiry and appeal processes available, it will be many months and probably well over a year before you'll be looking at a bill to pay. And that's just for the administrative route. Litigation time would be on top of this.

When dealing with an IRS auditor, here are some guidelines to keep in mind:

- Contact your league immediately and coordinate with other affected credit unions. There is not only strength in unity but comfort in knowing you are not alone plus an opportunity to marshal and combine resources.
- Identify empowering state statutes and regulations to support your "exempt purpose."
- Identify facts related to each product under audit to support its relation to your credit union's exempt purpose.
- Identify and highlight the notion that your credit union serves members on a mutual and nonprofit basis.
- Allocate direct and indirect costs to minimize net income.
- In light of the uncertain legal landscape for credit union UBIT, resist agreeing to pay UBIT on income related to insurance and other financial services products.

Stay in touch with your league and the other members of the UBIT coalition for the latest news and assistance in dealing with your particular situation. CUNA Mutual has retained impressive outside counsel to address this issue and to complement the in-house legal talent that CUNA Mutual, CUNA and NASCUS bring to the issue. CUNA Mutual continues to work with other members of the coalition to provide assistance and leadership at the national and state levels. This is a national problem, not just for those who have received audit notices, and we will solve it together. It's just a matter of time.



Regulatory Update

Bill Berg, CCUE, CUCU, director of compliance, brings regulatory changes to your attention through this column. If anyone has questions or suggestions for additional topics, call 800.342.1266 or 850.576.8171 ext. 1028, FAX to 850.558.1029 or e-mail billb@fcu.org.

New membership policy took effect May 15

Many restrictions on fields of membership (FOMs) will be officially removed for federal credit unions on May 15.

Key policy changes:

1. Specifically define the size of communities that meet the requirement of interaction—thereby making it easier to obtain community charters;
2. Establish three standard criteria for determining a community:
3. A single political jurisdiction (township, city, or county);
4. A metropolitan statistical area (MSA), or its equivalent, with less than 1 million residents (provided the FCU supplies a narrative description of community interaction); or
5. Multiple political jurisdictions with less than 500,000 residents (also provided the FCU supplies a narrative description of community interaction);
6. Allow federal credit unions with a single occupational common bond to include a trade, industry or profession (TIP) within their geographic service area;
7. Permit associational common bonds to be based on “totality of circumstances” rather than a limited number of factors;
8. Give many federal credit unions authority to branch around a wholly owned ATM; and
9. Allow federal credit unions to branch around a shared service center as long as they have a shared ownership interest in the center.

Other changes:

1. Eliminate outdated overlap protection requirements that NCUA says “have proven unworkable and unenforceable;”
2. Clarify the process of how to remove existing exclusionary clauses;
3. Streamline additions to multiple-group federal credit unions for employers with less than 3,000 potential members;
4. Eliminate “time-in-place” restrictions on occupational, associational or multiple-

group federal credit unions that wish to convert to another type of charter; and

5. Allow state-chartered CUs converting to federal charters to retain groups added through emergency FOM provisions.

“This final rule builds upon the already established foundation of safety and soundness of America’s credit unions, enhances the risk diversification of those credit unions, protects broader consumer choice, and will ensure a stronger federal charter option necessary for an effective dual chartering system,” asserted NCUA Chairman Dennis Dollar. “Most importantly, it does so very clearly within the original intent of the Credit Union Membership Access Act of 1998.”

Treasury clarifies ACH rules for federal payments

If your credit union struggles occasionally with how to handle certain government-related automated clearinghouse (ACH) transactions such as direct-deposit Social Security payments or tax returns, you might readily agree with Benjamin Franklin that nothing seems certain except death and taxes.

During a CUNA audio conference, Treasury Department officials clarified what rules apply, how they are related and answered some common questions credit unions ask.

Three sets of rules and regulations cover government payments:

1. Green Book 2000, issued by Treasury’s Financial Management Service (FMS), includes exceptions or issues unique to federal government payments.
2. The second set comes from 31 CFR 210, in the Code of Federal Regulations, a book that outlines federal government agencies’ regulations.
3. NACHA ACH Rules relate to Regulation E and Uniform Commercial Code (Article 4A) and apply to ACH network participants including federal agencies except where noted in 31 CFR 210.

In 1999 the government adopted

NACHA rules and revised the Green Book to eliminate redundancies, explained Don Skiles, Treasury’s ACH liaison. FMS has continued involvement with NACHA in rule making, he said. It also works closely with federal agencies and seeks public comment when necessary.

James Ball and Mamie Dawkins of the Treasury’s Direct Deposit Operations section addressed some common questions that arise about these rules:

Q: How can a credit union limit its liability on reclamations? For example, if it can’t identify who made a withdrawal from an account after the death of the rightful beneficiary, how should it reply?

A: The Green Book says an institution must identify with name and address all who obtain withdrawals after date of death or explain in writing why it can’t do so. Or at the very least the credit union should provide the last known address of the deceased.

Q: When a member who is a beneficiary of a government benefit dies, which ACH payments must the credit union return?

A: If a benefit payment is dated after the date of death, return it. You won’t always be correct, but you’ll always be safe. Refer the family to the issuing agency.

Q: What return reason codes for death should the credit union use?

A: Note there’s a distinct definition for government items. R15 is for the death of the beneficiary (person entitled to payment). R14 is for death of representative payee or guardian (person approved to be the beneficiary’s fiduciary representative).

Q: How can the credit union get a refund from the government (for example, if the credit union inadvertently returned too much or returned the wrong payment)?

A: Notify the issuing agency (contact info is in the Green Book), and the recipient, and initiate a new enrollment to reactivate ACH payments (if an errant notification of death from the credit union resulted in the agency sending a death notification entry.)

STAR, VAP and MERIT Certificates

Congratulations to the following individuals who have earned certification levels in the Staff Training and Recognition (STAR), Volunteer Achievement (VAP), Volunteer Leadership Program (VLP) and Mid-Manager's Enrichment Training (MERIT) Programs. Additionally, we salute these credit unions who have recognized the importance of investing in their most important assets ... their staff and volunteers.

VAP CERTIFICATES:

DBCC FCU: Jennifer Campbell
Escambia County ECU: Nettie Williams
Florida Telco CU: William DeLoach
Gold Coast FCU: Kenneth Barker, Harold Brake, Clinton Butler, Moses Stubbs, Norman Walker
IBM Southeast EFCU: Pete Blacklock
MacDill FCU: Lee Gazzano
McCoy FCU: Fred Bierbaum, Dennis Johnson, Richard Tressler
SunState FCU: Jack Gamble
Tyndall FCU: Virginia Specht

STAR CERTIFICATES:

Bay Pines FCU: Sheila Henderson
Campus USA CU: Tammy Lindsey
Central CU of Florida: Kristine Upshaw
Central Florida HealthCare FCU: Onassis Nyariri
Central Florida Postal CU: Jerry Torres
Community Educators CU: Michelle Boyce, Lisa Browder, Cynthia Wilson
Fairwinds CU: Loren Arce, Maria Franqui, Candy Towsley
First Choice CU: Angela Artola
First CU of Gainesville: Diane DeMarco
Florida Commerce CU: Amy Campbell, Heidi O'Brien
Florida Central CU: Julie Flatt, Donna Haynes, Michalea Williams
GTE FCU: Tracy Ballard, Steven Bare, Kristina Belkola, Chris Fredricks, Delphine Green, Kim Hatfield, Bonnie Henry, Holly Hindman, Janet Kaprinski, Carolynne Kreutzer, Susan Lowrance, Lisa Reho, Kelli Sabourin, Mary Stevens, Sonya Sullivan, Reno Suwarno, Tammy Taylor
Harvesters FCU: Janet Barnes, Melanie Velaski
Insight Financial CU: Marjorie Campbell, Christine Diaz, Jeanet Foster, Jonathan Harris, Sharalyn Lopez, Angela Toth
MacDill FCU: Kathleen McMinn, Sherry DeMoranville
N Broward Hospital Dist FCU: Shaneon Knox
Pen Air FCU: Carol Cole, Tina Linn

Pinellas County Teachers CU: Kathleen Chambron, Chandra Dorr, Michele Ryan, Nancy Sanchez

Seminole Schools FCU: Cindy Altdoerffer, Sally Pilch, Teresa Smith
State Farm Florida FCU: Ruth Howard
Suncoast Schools FCU: Darlene Behringer, Kristen Bryant, Julie Ethridge, CCUE, Kerstin Hawthorne, Janette McElwain, Jessica Montgomery, Martha Northcutt, Alisha Pellegrini, Jennifer Pontius, Rebecca Vargas Boiter
Telco of Florida FCU: Sandra Hall
Tyndall FCU: Donna Morrison
VyStar CU: LaPonda Addison, Jan Blais, Robert Beltz, Leigh Bishop, Alicia Black, Kevin Breeze, Alexis Cartagena, Patricia Cochran, Rachel Collins, Colleen Cummings, Jill Cruz, Evelyn Dalton, Linda Davis, Arhlene Deasis, Randy Flowers, Aurora Fontanez, Kelly Gleaton, Pamela Goodwin, Myranda Heffner, Gail Hersey, Staci Heltzel, Julie Jaillet, Tammy Jeffrey, LaToyia Jones, Tarra Johnson, Sharon Leisher, Belinda Lerche, Marnita Lewis, Sandra Magruder, Sharena Martin, Nina McCray, April Mills, Jitka Morales, Deborah Oliver, Taneka Perry, George Regan, Wendy Russell, Sheri Sheppard, Robin Simcoke, Sara Streeter, Jeanne Sutton, Kasey Taylor, Linda Tufano, Heather Warren, Alma Watson, Rebecca Williams, Andrea Wilson

MERIT CERTIFICATES:

Bay Pines FCU: Becky Harris, Elaine McCall
Educational Community CU: Thomasina Jarrell, Renee Stevenson
GTE FCU: Susan Lowrance
Insight Financial CU: Cindy Mako
Pen Air FCU: Kristal Kelley
Sarasota Coastal CU: Nancy Maciag
VyStar CU: Staci Heltzel

Applying training ROI analysis



Cassandra Grayson

In the July issue of *Florida Credit Union News*, we discussed the ROI analysis process for training investments, including data sources and collection as well as ROI calculation. This month we'll take a look at a tangible example.

Your credit union loan manager, Lance, attends a two-day seminar on loan processing. The total cost of the training program, including tuition, transportation, meals and the cost of Lance's time away from the credit union, was \$3,250. This figure is the "Program Costs" portion of the ROI formula:

$$ROI \% = \frac{\text{Net Program Benefits}}{\text{Program Costs}} \times 100$$

How do you measure the results, or net program benefits, of this training?

One method that is appropriate in this case is an approach known as Perception/Action/Results. This approach classifies measurements into three categories:

- *Perception measures* assess what participants say about the impact of training. An example of a perception measure is asking a participant to rate how relevant they found the training. In Lance's case, a perception evaluation tool determined that on a seven-point scale, he rated the loan processing program relevant to his job 6.5. This indicates that there is a good chance that he retained the knowledge and skills acquired at the workshop.
- *Action measures* evaluate what participants do differently following the training. By collecting observational data on loan-processing time before and after the training program, Lance's supervisor measured that his average loan processing time was reduced by half to 10 minutes per loan. Historical data also indicated that his loan volume increased as a result.
- *Results measures* examine what bottom-

— continued on page 10

Check candidates out before hiring

Submitted by HireCheck, A First Advantage Company and an employment screening service brought to you by HRx.



Liz Russell

Would you expect customers to buy a car just based on conversations with you? Of course not! They want to kick the tires, feel the leather and take it for a test drive. So why would you invest in hiring a new employee without checking them out?

In addition to interview responses and “gut feelings” about an employment applicant, today’s employer has access to other valuable tools to help make informed hiring decisions. Although some of these tools determine an applicant’s history or skill set, substance abuse testing can reveal current undesirable activity thus, saving you from a costly hiring mistake. By not allowing substance abusers on your payroll, you will experience lower healthcare costs, greater job productivity, reduced absence rates and lower workers’ compensation premiums than the employer that does not screen for drug abuse.

Unfortunately, the pervasive drug use in our nation supports some eye-opening statistics. Department of Labor stats reveal that approximately 73 percent of all current adult drug users, or 8.3 million adults, are employed. According to the U.S. Department of Health and Human Services, one out of ten of your employees has a substance abuse problem. And with other statistics showing that drug-using employees are 5 times more likely to file a workers’ comp claim, 3.6 times more likely to be involved in a workplace accident and 2.5 times more likely to have excessive absences, there is definite evidence supporting the benefits of a drug-free workplace program. Studies have also shown, in the majority of cases, that employees prefer to have a drug-free workplace program in place because it is viewed as an enhancement for their own safety and workplace quality.

With the volumes of statistical and anecdotal evidence available, there is no question that drug testing does work as a deterrent to drug abuse in the workplace.

So why do some employers still resist implementing a program?

Concerns over privacy issues and program costs are the most frequent employer objections. Sensitivity to employees’ privacy is easily outweighed by the beneficial increase in employee safety and workplace security. Additionally, if you adopt the federal government guidelines for testing and develop a consistently followed policy, you will maximize employee privacy and eliminate other potential issues of discrimination.

As to the cost of a program being prohibitive, improved processes and increasing competition among service providers have lowered prices for conventional testing so that it is more affordable than years ago. Keep in mind, too, that many workers comp carriers will discount your premium for implementing a drug-free workplace program—savings that could significantly offset the cost of the program. Finally, when considering program cost, you must understand that not having a program in place puts your business at risk for a drug-related incident that could put your company out of business or greatly affect your profits.

Substance abuse testing is one of the most useful screening tools that an employer can use to better assess job candidates and ensure an ongoing quality, productive workforce. The benefits of implementing a program are reaped quickly and easily measured by reduced turnover, fewer workers compensation claims and lower insurance premiums. By adding substance abuse testing to your hiring toolbox, you’ll be better equipped to make successful hiring decisions.

For more information, visit the HRx website at www.hrx.net or call 866.834.4479.

ROI analysis

continued from page 9

line changes occurred as a result of the training and the skill, knowledge and behavior that the training brought about. One way to validate the results of Lance’s loan-processing seminar is to determine whether the resulting change in behavior (action measures) can be linked to decreased loan processing time. To accomplish this, Lance’s HR manager collected data on the average loan processing time of loan managers who used the strategies presented in the two-day seminar versus loan managers who did not use the strategies. She discovered that individuals using the strategies, on average, processed loans more than twice as quickly as those who did not use the strategies. This shows that the loan processing strategies presented in the seminar actually worked.

Now that you’ve collected the appropriate data and validated the results, it’s time to put the ROI formula to use. But, first, let’s look at the numbers:

Lance’s new skills cut his average loan-processing time in half to 10 minutes per loan. If Lance processes 1,500 loans per year, the savings yield computes to roughly 250 hours. At Lance’s \$27,500 annual salary level, the hours translate into a \$3,500 per year savings to the credit union.

Also, Lance learned new loan marketing methods at the seminar that helped him to acquire 270 new loans with annual net revenue of \$60,000. Normally, credit union promotions acquire 200 loans with net revenue of \$40,000. This indicates that Lance earned the credit union an extra \$20,000. This brings the total benefit to the credit union to \$23,500.

As stated earlier, the costs for Lance’s training totaled \$3,250. Now, let’s do the math. Figuring the ROI will look like this:

$$\text{ROI \%} = \frac{\text{Net Program Benefits}}{\text{Program Costs}} \times 100 \text{ or}$$

$$(23,500 - 3,250) / 3,250 = 6.23 \times 100 = 623\%.$$

The training seminar Lance attended was a great investment.

Next month’s article will provide an overview of using ROI forecasting to develop a high-impact, high-value training curriculum.



Send submissions for the "News From You" section to the League by the first of each month.

McCoy Federal Credit Union has received approval from NCUA to expand its field of membership into all of Orange County. This expansion increases the credit union's service area by 36 percent. Previously, the credit union's field of membership was limited to Orange County south of State Road 50.

FAIRWINDS Credit Union is proud to announce the promotion of two management team members.

Kathy Chonody, employee of 22 years, has been promoted to Executive Vice President and Chief Financial Officer. In her new role as 2nd in command, Kathy will be responsible for the overall administration of the credit union in collaboration with the President/CEO and continue her duties as the CFO.

Phil Tischer, employee of 11 years, has been promoted to Senior Vice President and Chief Operating Officer. In his new role, Phil will direct the daily operations of the credit union including Member Services and Human Resource Management.

Insight Financial Credit Union now open in Oviedo

The new **Insight Financial Credit Union** branch in Oviedo is now open and ready to serve members who live or work in Seminole County. The new branch is located at the intersection of Mitchell Hammock Road and Alafaya Trail in the Albertson's shopping plaza.

The Oviedo Chamber of Commerce and the Seminole County-Lake Mary Regional Chamber of Commerce each held ribbon cutting ceremonies for the new facility.

Pen Air FCU has successful first blood drive

Pen Air Federal Credit Union has been participating in community blood drives for years. This year they did something different—they had their own employee blood drive. This was due to the many requests from staff and the public request from the Northwest Florida Blood Center to replenish needed blood types. On June 4, 2003, the Blood Mobile arrived at Pen Air FCU's corporate office. Twenty-four units of blood were collected from volunteer staff. Representatives from the Blood Center were overwhelmed with staff enthusiasm and turnout.



Standing in front of the Blood Center's Blood Mobile are Pen Air FCU's Call Center Manager Linda Judkins (left) and Call Center Representative, Joyce Arnold (right).



Insight Financial's Oviedo branch ribbon-cutting held by the Seminole County-Lake Mary Regional Chamber of Commerce.

Baranowski recognized



Ed Baranowski

Ed Baranowski, CCUE, was recognized by the Sunshine Chapter of the Institute of Certified Credit Union Executives (ICCUE) at FCUL's 2003 convention for his years of dedication and contribution to the credit union movement and the CCUE program.

Baranowski, ninth in the country to complete the program, was on the committee that organized and established the CCUE program. Since Baranowski's retirement the most senior active CCUE in Florida is Dave Brock, CCUE, number 21. Mr. Brock is the President/CEO of Community Educators Credit Union.

The CCUE designation is the pinnacle of continuing education in the credit union movement. Those who complete the program generally receive 27 to 29 hours of college credit (almost one year of college) from most universities. The CCUE designation has been awarded to 2,150 people during the 27 years it has been in existence.

President/CEO elected new chamber of commerce chairman



Lynn Owen

Insight Financial Credit Union is pleased to announce that Lynn W. Owen III, President/CEO, has been elected Chairman for the Seminole County-Lake Mary Regional Chamber of Commerce. Owen has been an active member of the chamber for five years and maintains a Diamond corporate membership for the credit union.

A.C. Martin, outerspace and Miss Baker

By Patty Veal, Pen Air FCU

I have known A.C. Martin for more than ten years while employed at Pen Air Federal Credit Union. He is currently the Chairman of Pen Air's Board of Directors. A.C. is a very mild-natured person, always interested in what you are doing and how things are going. I thought I knew all about A.C.—his family and his retired life on a cattle farm—until he casually began recollecting a monkey named Miss Baker and an incredible time in American history that sparked the genesis of the early space program.

Prior to his credit union days, A.C., an aeronautical engineer, worked closely with the School of Aviation Medicine in getting the first living creature into space—a squirrel monkey named Miss Baker.

It all started during the “cold war,” when the Russians rocketed a dog into space. The command came to A.C.'s group to do whatever it would take to get a living creature into space. Keep in mind, no one had done anything like this before in the United States.

Experts, including A.C., were brought to the naval air station in Pensacola to research acceleration effects on the body, radiation and oxygen. They were also to determine what the electrical needs were for such a mission; develop the capsule and determine which “living creature” would make the trip. They chose a squirrel monkey—Miss Baker—due to its small size, human-like anatomy and docility.

The objectives of the mission were: a successful launch and recovery of a living

creature from space; prove or disprove the theory that the Van Allen radiation belt above the atmosphere was lethal; and break zero degree gravity to study effects on a body.

After six weeks of unyielding research, the team outfitted the cone of a Jupiter missile to hold Miss Baker. She was to lay on her back in the cone in order to combat the pressure of takeoff on the body. Even today, modern day astronauts, use this position to some degree.

In order to determine how space travel affects the body, the monkey was monitored with a heart monitor and breathing respirator. Much of the electrical equipment was fashioned with items on hand—for example, the monkey's heart monitor was the earpiece of a pilot's headset. “We used materials of that time and did what it took to make the mission successful,” recalls A.C.

“Old Reliable,” the first monkey in space, unfortunately, did not survive the return trip. Although the trip was only 300 miles straight up, to avoid being burnt up at re-entry, there had to be slightly different trajectory, turning the 300 miles into 1500 miles. An almost immediate second launch on May 28, 1959, with Miss Baker proved highly successful. And, Miss Baker lived for many

years to an incredible old age for her species of monkey—22 years old. That was her first and last space flight.

All of the objectives of the mission were met: a successful launch and recovery; no lethal radiation belt; and zero degree gravity

did not have any effects on the living creature. Granted the whole flight lasted only 15 minutes, but it was an incredible leap for scientists and an incredible push for the beginning of a space program - NASA. The next living creature into space was man.

Today, you can find the rocket and equipment that A.C. and the team at the School of Aviation Medicine used to launch Miss Baker at the Smithsonian Institute Museum in Washington D.C. And, you can find A.C. Martin at Pen Air Federal Credit Union diligently pursuing his role as Chairman of Board of Directors or volunteering his time for classroom presentations.



A.C. Martin readying “Miss Baker” (in capsule) for mission into space.

Embree honored at retirement party

A retirement party was held for longtime FAIRWINDS Credit Union employee Tom Embree. Embree who was inducted into the FCUL Hall of Fame at the 2003 Annual Convention retired on July 1, after 27 years with FAIRWINDS.



SBAGateway: One-stop resource for SBA lending information

Now credit unions are just a click away from the latest information on Small Business Administration (SBA) lending. SBAGateway, an online resource containing information on all aspects of SBA lending, is now available to credit unions at a discount, thanks to a special arrangement between the Credit Union National Association (CUNA) and SBAGateway.

SBAGateway contains information on all legislation, policy updates, standard operating procedures, federal regulations and program descriptions pertinent to current and potential SBA lenders. Also available are free forums, strategic planning tools, an online resource directory and other valuable features.

“With information on regulations, program parameters, standard forms, loan data, and standard operating procedures, SBAGateway is a one stop shop for SBA administrative needs,” says Andrea Hughes, manager of instructional design for CUNA’s Center for Professional Development. “And it is updated continuously so you always have the latest information at your fingertips.”

For more information, visit cu.sbagateway.com.



What can SBA loans do for you?

CUNA Business lending consultant Michael Hearne gets personal about SBA loans

There has been much talk in the credit union marketplace about member business loans, Small Business Administration loans and member business services. If it all leaves your head spinning a bit, you’re not alone.

The Small Business Administration announced in February that it was giving all credit unions eligibility for its guaranteed business loans through its 7(a) guaranteed lending program. Previously, only community-chartered credit unions could take advantage of this program.

Michael Hearne, CUNA’s business lending consultant speaks from personal experience when he talks about the benefits of the SBA guaranteed lending program. Not only did he work for SBA, he was also able to start his own business with the help of an SBA loan. Hearne’s advice to credit unions is simple: take it slow, learn all you can and stay with it.

Hearne and a partner opened Tavern on the Flats in March 2000 in Seneca Falls, New York. The site they selected was an old, character-laden building that had fallen into disrepair.

“The first problem we confronted – and one that I think is common in small towns and areas that have lower real estate values – was that no building in the area was worth what it would cost to fix it up,” says Hearne. “So there’s really no collateral to offer, and without collateral, the banks in town would hardly give me the time of day.”

As a former SBA employee, Hearne was familiar with the SBA’s 7(a) loan guaranty program, which guarantees up to

80 percent of the value of loans up to \$100,000 and 75 percent of the value of loans greater than \$100,000. This allows borrowers access to credit that might otherwise not be available to them and gives the lender peace of mind that they are protected if the borrower cannot pay back the loan.

“That’s the beauty of the SBA program,” adds Hearne. “If a credit union is hesitant about lending to a business because there is insufficient collateral or there is risk inherent in the particular industry or the age of the business, then the credit union will turn to the SBA to obtain a loan guarantee.”

Hearne suggests credit unions interested in SBA lending give him a call as he can give them a good sense of what is involved to get started. Michael Hearne can be reached at 800.298.5948.



CUNA Chief Economist makes opening remarks before participating in debate for CU tax exempt status

Speaking before state legislators at the 2003 annual meeting of the National Council of State Legislatures (NCSL) Financial Services Committee, CUNA Chief Economist Bill Hampel pointed to four chief reasons why credit unions are exempt from most taxes, why that situation should not change — and how legislators could raise more revenue by effectively applying taxes to banks. His opening remarks were made before the opening of a debate with a bank trade group lobbyist. Hampel was debating Keith Leggett, senior economist of the American Bankers Association.

The four chief reasons Hampel pointed to are:

- Credit unions are very different from banks;
- Solid public policy reasons stand behind credit unions' tax-exempt status;
- Taxation of credit unions would produce insignificant revenue (while threatening the greater benefits credit unions provide their 84 million members);
- Greater revenue potential exists by reducing banks' exploitation of tax loopholes.

"Credit unions of all sizes remain true cooperatives that operate solely for the benefit of their members," Hampel said, adding that this unique structure produces other differences bankers do not fully appreciate. "Indeed, when comparing salaries at similar-sized institutions, bank CEOs on average earn considerably more than credit union CEOs, not to mention the availability of additional remuneration through stock options."

Hampel additionally pointed out that the credit union tax exemption has nothing to do with the types of services credit unions offer, or restrictions on whom they serve. He pointed out that Congress, in the preamble to the Credit Union Membership Access Act of 1998, succinctly wrote why credit unions are tax-exempt. He added that credit unions operate under much greater restrictions than do banks, including higher capital requirements, inability to raise capital

through traditional instruments, restrictions on who can receive services (members within the field of membership), and other reasons.

Despite these restrictions, Hampel noted, credit unions continue to provide substantial benefits to their members. "These benefits are not simply a pass-through of their tax exemption to a credit union's members," he said. He said CUNA has estimated these total benefits to credit union members in 2002 to be \$6.4 billion. "On the other hand, had all state and federal credit unions been subject to both state and federal income taxes, the total of that revenue would have been just under \$2.1 billion. The benefit to members exceeds the total tax exemption by a factor of three — and exceeds the state tax exemption by a factor of 17."

Hampel added that the source of the benefit is not exclusively the tax exemption. Instead, he said it is because credit unions provide no dividends to stockholders, pay almost no directors fees, compensate senior staff at lower levels, and operate with lower expenses — in addition to the tax exemption.

"Part of the function of the tax exemption is thus to incent credit unions to endure the extra restrictions of operating as a credit union, and in the process to leverage that tax exemption by providing real tangible benefits to credit union members far in excess of the value of the tax exemption," he said.

Regarding the revenue to be gained by states in taxing all credit unions, Hampel said CUNA estimates showed that only \$372 million would be gained (from 2002 figures). Using the same tax formula to bank profits from last year, Hampel showed that the taxes would yield \$9.2 billion from banks. "That's 25 times the figure calculated from credit unions," Hampel told the state legislators. "The difference is due to the fact that bank profits are so much greater than credit union net income because of their greater size and profit rates."

However, Hampel pointed out that it is certain that banks did not actually pay that \$9.2 billion in taxes for last year. "Banks

routinely take advantage of a number of loopholes in state tax laws that can shelter huge amounts of income from state taxation," Hampel said. "As recently reported in the (Madison, Wis.) 'Capital Times' newspaper, banks in Wisconsin have been especially aggressive in using loopholes." Hampel pointed out that 11 of the largest 15 banks in the state paid no state income tax in 2000.

Fraud & scams

continued from page 3

- Increased income;
- Key ratio enhancement (capital, return on assets, operating expense);
- Back-room savings;
- Check stock and inventory management
- Reconciliation, reporting and escheatment; and
- Complete Internet access for all inquires images and reporting, all of which are supported by audio-response units and the use of toll free customer service lines.

Be extremely skeptical if someone "overpays" by a large amount. If you receive a cashier's check, make sure it has cleared the issuing financial institution before you refund any money.

For more information about outsourcing for your credit union, contact Sandra Tilghman at Travelers Express/Moneygram at 800.624.4606, ext 2258; 352.357.6340; or by email: stilhman@temgweb.com.

Sandra (SAM) Tilghman is an Account Executive for Travelers Express/MoneyGram, serving Florida Credit Unions for 20 years.

Go where the action (and your future) is...

**CUNA Future Forum,
September 29-October 2, 2003,
Reno, NV**

Want your future to be better than ever? Start with a better-than-ever conference. Register now for the CUNA Future Forum—the CUNA Symposium with a new name and exciting new twists to educate and motivate you like never before.

Get inspired. Get up-to-date. Get results that will transform your credit union. You'll get it all through CUNA Future Forum's interactive learning opportunities, professional connections, and high-profile keynote speakers. Kevin Carroll, Nike's "Katalyst," will challenge you to dream big. And Marcus Buckingham, author of

First Break All the Rules and *Now, Discover Your Strengths*, will tell you what really works in building a strength-based organization.

Go and grow! Register for CUNA Future Forum for just \$795 per person, or take advantage of special group rates when you register 4 or more. For information, visit training.cuna.org (click on Future Forum), or call 800-356-9655, ext. 5700.



A new name. A whole new energizing experience! Plan now to attend the event formerly known as Symposium. Registration is only \$795 or take advantage of special rates when you register 4 or more. To register, visit training.cuna.org and click on "CUNA Future Forum." Call 800-356-9655, ext. 5700 for information.

Help members find the cleanest vehicles that meet their needs

Are your members in the market for new cars or trucks? If so, show them that you can finance their vehicle AND help them find the best cars or trucks for them! Have your members go to the U.S. Environmental Protection Agency's Green Vehicle Guide at <http://www.epa.gov/greenvehicles>.

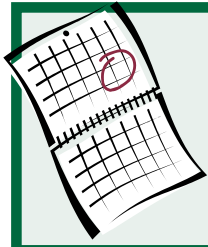
The U.S. Environmental Protection Agency (EPA) developed this valuable research tool to help people find the cleanest, most fuel-efficient vehicles that meet their needs. Your members can:

- Research vehicles in terms of fuel efficiency and air pollution - including recently released estimates for 2003 vehicles.
- Find fuel economy and air pollution information for all vehicles sold in the US.
- Learn about the connection between emissions, fuel economy and global warming.

Consumer Reports covered the Green Vehicle Guide in its February 2002 issue and continues to use this emission score in their vehicle reviews and ratings.

People in the market for a new car or truck will find this tool particularly valuable - it's an important enhancement to other research they may be doing for such features as vehicle safety and price.

To learn more about the Green Vehicle Guide or if you'd like a graphic to you to use as a link from your Website, contact Christine Mikolajczyk of the U.S. EPA at 734.214.4403.



FCUL Calendar of Events

August 2003

Date	Event
13-14	Coastal Human Resources Conference Hilton Head, SC - \$399
20-21	Achieving Full Service Workshop Jacksonville Fee: \$249

Don't forget to mark your calendar:

**September 10
Hike the Hill
Washington D.C.**

September 2003

Date	Event
4	Profitability Strategies Quick Bites - Fee: \$79
16-18	Supervisory & Mgmt. Academy Hollywood - Fee: \$229 session/ \$399 both sessions
23-25	Supervisory & Mgmt. Academy Tampa - Fee: \$229 session/ \$399 both sessions
25	Front Line Sales & Service Training Quick Bites - Fee: \$79
29- Oct. 2	CUNA Symposium & Annual Meeting Reno, NV - Fee: TBD

CHAPTER MEETINGS

For further information, please refer to the League Website

www.fcul.org

Broward Chapter

September 18

Central Florida Chapter

August 14 • September 11

Escambia Chapter

September 18

Northeast Florida Chapter

August 28 • September 15

Sara-Mana Chapter

August 14

Tallahassee Chapter

August 21

Tampa Chapter

September 16

The *Florida Credit Union News* is a monthly publication of the Florida Credit Union League (www.fcul.org). For business information or subscriptions, write the Florida Credit Union League, P.O. Box 3108, Tallahassee, FL 32315-3108, call (800) 342-1266, or e-mail amy.jowers@fcul.org. Two copies are supplied free to each affiliated credit union in Florida. Additional copies may be purchased for \$3 per issue or \$36 for a single one-year subscription. Articles may be submitted to the editor for publication and are subject to editing and approval.

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